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**REVISED
CONTENT SPECIFICATION OUTLINES
FOR THE UNIFORM
CERTIFIED PUBLIC ACCOUNTANT
EXAMINATION**

(Effective May 1986)

Adopted September 25, 1984

**Prepared by the Board of Examiners
American Institute of Certified Public Accountants**



American Institute of Certified Public Accountants

1211 Avenue of the Americas, New York, New York 10036-8775 (212) 575-6200

Telex: 70-3396

December 17, 1984

To Interested Parties:

The Board of Examiners has modified the content specification outlines for the Uniform CPA Examination beginning with the May 1986 examination. The revised outlines, together with background information, accompany this letter.

Under AICPA bylaws, the Board of Examiners is responsible for the supervision of the preparation and grading of the Uniform CPA Examination. The Board of Examiners expresses its policy with respect to the content of the examination in its publication *Information for CPA Candidates* by including detailed content specification outlines for the Uniform CPA Examination in Appendix A.

The Board of Examiners will be revising *Information for CPA Candidates* to incorporate the modifications to the existing content specification outlines. However, the sixth edition (1983) of *Information for CPA Candidates* will continue to be authoritative through the November 1985 examination.

Sincerely,

A handwritten signature in cursive script, reading "E.H. Cannon".

Everett Howard Cannon
Chairman
Board of Examiners

A handwritten signature in cursive script, reading "W.C. Bruschi".

William C. Bruschi
Vice President
Regulation

A handwritten signature in cursive script, reading "Mitchell Rothkopf".

Mitchell Rothkopf
Director
Examinations Division

Board of Examiners

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This information has been sent to

- Members of AICPA Council***
 - State Boards of Accountancy***
 - Representatives of the National Association of
State Boards of Accountancy (NASBA)***
 - AICPA Education Executive Committee***
 - American Accounting Association —
Committee on Professional Examinations***
 - Persons who have requested copies***
-

**REVISED CONTENT SPECIFICATION OUTLINES FOR THE
UNIFORM CERTIFIED PUBLIC ACCOUNTANT EXAMINATION**

(Effective May 1986)

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Revised Content Specification Outlines For the Uniform CPA Examination Effective May 1986

Background Information

As part of its continuing effort to assure the validity of the Uniform CPA Examination, the Board of Examiners, with funding authorized by the Board of Directors, conducted a practice analysis of the CPA profession which was undertaken in 1980 and completed in 1983. The findings of the practice analysis study were embodied in a report which was accepted by the Board of Examiners at its September 19-20, 1983, meeting at which time the report was also approved for publication.

The primary reason for the practice analysis was to comply with current testing and measurement requirements for content validation of the Uniform CPA Examination. More specifically, the practice analysis documented the major work segments performed by certified public accountants in the practice of public accountancy and identified the knowledge, skills and abilities necessary to perform those work segments. The Board of Examiners recognized that the practice analysis was important for the continuing process of content validation. At its September 19-20, 1983, meeting, the Board of Examiners approved formation of a Task Force on Content Validity to continue the validation process.

The charge among other things, to that Task Force includes the following two objectives:

- To correlate the Content Specification Outlines for the Uniform CPA Examination with the knowledge, skills and abilities identified by the Practice Analysis Project.
- To recommend modifications, as appropriate, to the Content Specification Outlines in accordance with the Practice Analysis data and other information acquired.

The Task Force correlated the content specification outlines with the knowledge, skills and abilities identified by the practice analysis and recommended modifications to those outlines based upon the results of the correlation process and also upon recommendations from the Examinations Division staff as a result of its experience in working with these outlines since they were first adopted for the November 1983 Uniform CPA Examination.

The Board of Examiners accepted the recommendations of the Task Force and, after consultation with the Examination Review Board of the National Association of State Boards of Accountancy (NASBA), authorized the publication of the revised content specification outlines contained in this booklet effective for the May 1986 Uniform CPA Examination.

Meaning and Use of Content Specification Outlines

The content specification outlines are divided into three levels — areas, groups, and topics, with the following outline notations:

- Areas by Roman numerals (I. Area),
- Groups by capital letters (A. Group),
- Topics by Arabic numbers (1. Topic).

The content specification outlines list the areas, groups, and topics to be tested, and also indicate the approximate percentage of the total test score devoted to each area. Some of the uses of the outlines will be to:

- Assure consistent subject matter coverage from one examination to the next.
- Assist candidates in preparing for the examination by indicating subjects which may be covered by the examination.
- Provide guidance to those who are responsible for preparing the examination in order to assure a balanced examination.
- Alert accounting educators as to the subject matter considered necessary to prepare for the examination.

The relative weight given to each area is indicated by its approximate percentage allocation. The examination will sample from the groups and topics listed within each area in order to meet the approximate percentage allocation. Generally, the group title should be sufficient to indicate the subject matter to be covered. However, in certain instances, topics have been explicitly listed in order to clarify or limit the subject matter covered within a group.

No weight allocation is given for groups or topics. For example, if there are several groups within an area or several topics within a group, no inference should be drawn about the relative importance or weight to be given to these groups or topics on an examination.

It should be realized that clear-cut distinctions as to subject matter do not always exist. Thus, there may be overlapping of subjects in the four sections of the examination. For example, Auditing questions often require a knowledge of accounting theory and practice, as well as of auditing procedures. Also, Business Law questions may be set in an accounting or auditing environment, and answers may involve integration with accounting and auditing knowledge.

The content specification outlines are considered to be complete as to the subjects to be tested on an examination, including recent professional developments as they affect these subjects. Candidates should answer examination questions, developed from these outlines, in terms of the most recent developments, pronouncements, and standards in the accounting profession. When new subject matter is identified the outlines will be amended to include it and this will be communicated to the profession.

Accounting Practice Section

The Accounting Practice section tests the candidates' ability to apply current conceptual accounting knowledge. The scope of the Accounting Practice section includes financial accounting concepts relating to financial reports, assets, liabilities, equity, income and expense, and other financial topics; cost/managerial accounting concepts of cost accumulation, planning, and control; not-for-profit and governmental accounting; and federal taxation.

In preparing for this section, candidates should study the pronouncements of the Financial Accounting Standards Board, Internal Revenue Code and Income Tax Regulations, accounting textbooks, leading accounting journals, and other literature pertaining to accounting.

Accounting Practice — Content Specification Outline

- I. Presentation of Financial Statements or Worksheets (15%).
 - A. Balance Sheet
 - B. Income Statement
 - C. Statement of Changes in Financial Position
 - D. Statement of Owners' Equity
 - E. Consolidated Financial Statements or Worksheets
- II. Measurement, Valuation, Realization, and Presentation of Assets in Conformity With Generally Accepted Accounting Principles (10%).
 - A. Cash, Marketable Securities, and Investments
 - 1. Cash
 - 2. Marketable Equity Securities
 - 3. Other Securities
 - 4. Investment in Bonds
 - 5. Investment in Stocks
 - 6. Sinking and Other Funds
 - B. Receivables and Accruals
 - 1. Accounts and Notes Receivable
 - 2. Affiliated Company Receivables
 - 3. Discounting of Notes
 - 4. Installment Accounts
 - 5. Interest and Other Accrued Income
 - 6. Allowance for Doubtful Accounts
 - C. Inventories
 - 1. Acquisition Costs
 - 2. Costing Methods
 - 3. Valuation Methods

D. Property, Plant, and Equipment Owned or Leased

1. Acquisition Costs
2. Capital Versus Revenue Expenditures
3. Depreciation, Amortization, and Depletion
4. Leasehold Improvements
5. Obsolescence and Write-downs
6. Disposition

E. Intangibles and Other Assets

1. Goodwill
2. Patents
3. Other Intangibles
4. Prepaid Expenses
5. Deferred Income Taxes
6. Deferred Pension Costs

III. Valuation, Recognition, and Presentation of Liabilities in Conformity With Generally Accepted Accounting Principles (10%).

A. Payables and Accruals

1. Accounts Payable
2. Notes Payable
3. Accrued Employees' Costs
4. Interest and Other Accrued Expenses
5. Accrued Pension Expense
6. Taxes Payable
7. Deposits and Escrows

B. Deferred Revenues

1. Unperformed Service Contracts
2. Subscriptions or Tickets Outstanding
3. Installment Sales
4. Sale and Leaseback

C. Deferred Income Tax Liabilities

1. Equity Method of Accounting for Investments
2. Depreciation of Plant Assets
3. Long-term Construction Contracts
4. Other Timing Differences

D. Capitalized Lease Liability

1. Measurement at Present Value
2. Amortization

E. Bonds Payable

1. Issue of Bonds
2. Issue Costs
3. Amortization of Discount or Premium
4. Types of Bonds
5. Conversion of Bonds
6. Detachable Stock Warrants
7. Retirement of Bonds

F. Contingent Liabilities and Commitments

IV. Ownership Structure, Presentation, and Valuation of Equity Accounts in Conformity With Generally Accepted Accounting Principles (5%).

A. Preferred and Common Stock

1. Issued
2. Outstanding
3. Legal Capital
4. Retirement of Stock
5. Book Value Per Share
6. Classification

B. Additional Paid-in Capital

C. Retained Earnings and Dividends

1. Prior Period Adjustments
2. Net Income
3. Cash Dividends
4. Property Dividends
5. Liquidating Dividends
6. Stock Dividends and Splits
7. Appropriations of Retained Earnings

D. Treasury Stock and Other Contra Accounts

1. Cost Method
2. Par Value Method
3. Restrictions on Acquisition of Treasury Stock
4. Other Contra Accounts

E. Stock Options, Warrants, and Rights

F. Reorganization and Change In Equity

1. Incorporation of an Unincorporated Enterprise
2. Business Combinations
3. Bankruptcy

G. Partnerships

1. Formation
2. Admission, Retirement, and Dissolution
3. Profit or Loss Distribution and Other Special Allocations

V. Measurement and Presentation of Income and Expense Items, Their Relationship to Matching and Periodicity, and Their Relationship to Generally Accepted Accounting Principles (15%).

A. Revenues and Gains

1. Cash Versus Accrual Basis
2. At Time of Sale
3. At Completion of Production
4. During Production (percentage of completion)
5. Installment Method or Cost Recovery
6. Equity in Earnings of Investee
7. Interest
8. Dividends
9. Royalties
10. Rent
11. Disposal of Assets and Liquidation of Liabilities
12. Foreign Exchange
13. Unusual Gains

B. Expenses and Losses

1. Cost of Goods Sold
2. General and Administrative
3. Selling
4. Financial (interest)
5. Depreciation, Amortization, and Depletion
6. Research and Development
7. Foreign Exchange
8. Bad Debts
9. Royalties
10. Rent
11. Compensation
12. Disposal of Assets and Liquidation of Liabilities
13. Unusual Losses

C. Provision for Income Tax

1. Current
2. Deferred

D. Recurring Versus Nonrecurring Transactions and Events

1. Discontinued Operations
2. Extraordinary Items

E. Accounting Changes

F. Earnings Per Share

VI. Other Financial Topics (5%).

- A. Disclosures in Notes to the Financial Statements
- B. Accounting Policies
- C. Nonmonetary Transactions
- D. Interim Financial Statements
- E. Historical Cost, Constant Dollar Accounting, and Current Cost
- F. Gain Contingencies
- G. Segments and Lines of Business
- H. Employee Benefits
- I. Analysis of Financial Statements
- J. Development Stage Enterprises
- K. Personal Financial Statements
- L. Combined Financial Statements

VII. Cost Accumulation, Planning, and Control (10%).

- A. Nature of Cost Elements
 - 1. Direct Materials
 - 2. Direct Labor
 - 3. Overhead
- B. Process and Job Order Costing
- C. Standard Costing
- D. Joint and By-Product Costing, Spoilage, Waste, and Scrap
- E. Absorption and Variable Costing
- F. Budgeting and Flexible Budgeting
- G. Breakeven and Cost-Volume-Profit Analysis
- H. Capital Budgeting Techniques
 - 1. Net Present Value
 - 2. Internal Rate of Return
 - 3. Payback Period
 - 4. Accounting Rate of Return
- I. Performance Analysis
 - 1. Return on Investment
 - 2. Residual Income
 - 3. Controllable Revenue and Costs
- J. Other
 - 1. Regression and Correlation Analysis
 - 2. Economic Order Quantity
 - 3. Probability Analysis
 - 4. Variance Analysis
 - 5. Gross Profit Analysis
 - 6. Differential Cost Analysis
 - 7. Product Pricing

VIII. Not-for-Profit and Governmental Accounting (10%).

A. Fund Accounting

1. Fund Balance
2. Estimated Revenues
3. Appropriations
4. Encumbrances
5. Reserved for Encumbrances
6. Revenues
7. Expenditures

B. Types of Funds and Fund Accounts

1. General Fund
2. Special Revenue Funds
3. Debt Service Funds
4. Capital Projects Funds
5. Enterprise Funds
6. Internal Service Funds
7. Trust and Agency Funds
8. Special Assessment Funds
9. General Fixed Assets Account Group
10. General Long-Term Debt Account Group
11. Endowment and Quasi-Endowment Funds
12. Restricted and Unrestricted Funds
13. Property Funds

C. Presentation of Financial Statements for Various Not-for-Profit and Governmental Organizations

D. Various Types of Not-for-Profit and Governmental Organizations

1. Local and State Governments
2. Educational Institutions
3. Hospitals
4. Charitable, Religious, and Other Organizations

IX. Federal Taxation — Individuals, Estates, and Trusts (10%).

A. Inclusions for Gross Income and Adjusted Gross Income

1. Reporting Basis of Taxpayer — Cash, Accrual, or Modified
2. Compensation for Services
3. Business Income
4. Interest
5. Rent and Royalties
6. Dividends
7. Alimony
8. Capital Gains and Losses
9. Miscellaneous Income

- B. Exclusions and Adjustments to Arrive at Adjusted Gross Income
- C. Gain or Loss on Property Transactions

- 1. Character
- 2. Recognition
- 3. Basis and Holding Period

- D. Deductions from Adjusted Gross Income
- E. Filing Status and Exemptions
- F. Tax Computations and Credits

G. Statute of Limitations

- 1. Claims for Refund
- 2. Assessments

H. Estate and Gift Taxation and Income Taxation of Estates and Trusts

X. Federal Taxation — Corporations, Partnerships, and Exempt Organizations (10%).

Corporations

A. Determination of Taxable Income or Loss

- 1. Determination of Gross Income Including Capital Gains and Losses
- 2. Deductions from Gross Income
- 3. Reconciliation of Taxable Income and Book Income
- 4. Reconciliation of Opening and Closing Retained Earnings
- 5. Consolidations

- B. Tax Computations and Credits
- C. S Corporations
- D. Personal Holding Companies
- E. Accumulated Earnings Tax
- F. Distributions
- G. Tax-Free Incorporation
- H. Reorganizations
- I. Liquidations and Dissolutions

Partnerships

J. Formation of Partnership

- 1. Contribution of Capital
- 2. Contribution of Services

K. Basis of Partner's Interest

- 1. Acquired through Contribution
- 2. Interest Acquired from Another Partner
- 3. Holding Period of Partner's Interest
- 4. Adjustments to Basis of Partner's Interest

L. Determination of Partner's Taxable Income and Partner's Elections

M. Accounting Periods of Partnership and Partners

N. Partner Dealing with Own Partnership

1. Sales and Exchanges

2. Guaranteed Payments

O. Treatment of Liabilities

P. Distribution of Partnership Assets

1. Current Distributions

2. Distributions in Complete Liquidation

3. Basis of Distributed Property

Q. Termination of Partnership

1. Change in Membership

2. Merger or Split-up of Partnership

3. Sale or Exchange of Partnership Interest

4. Payments to a Retiring Partner

5. Payments to a Deceased Partner's Successor

Exempt Organizations

R. Types of Organizations

S. Requirements for Exemption

T. Unrelated Business Income

Accounting Theory Section

The Accounting Theory section tests the candidates' conceptual knowledge of accounting. This knowledge includes a rather wide assortment of ideas variously described as assumptions, axioms, standards, postulates, conventions, principles, rules, and objectives. Such ideas that have received substantial authoritative support are referred to as Generally Accepted Accounting Principles. The scope of the Accounting Theory section includes financial accounting concepts relating to general principles, assets, liabilities, equity, income and expense, and other financial topics; cost/managerial accounting concepts of cost accumulation, planning, and control; and not-for-profit and governmental accounting.

In preparing for this section, candidates should study the pronouncements of the Financial Accounting Standards Board, accounting textbooks, leading accounting journals, and other literature pertaining to accounting. Answers should be in accord with current accounting theory and not necessarily with accounting methods and practices promulgated by governmental agencies, such as the Internal Revenue Service and the Securities and Exchange Commission, unless specifically required or vital to a complete discussion of the issues involved.

Accounting Theory — Content Specification Outline

- I. General Concepts, Principles, Terminology, Environment, and Other Professional Standards (15%).
 - A. Authority of Pronouncements (substantial authoritative support — GAAP)
 - B. Conceptual Framework
 - C. Basic Concepts and Accounting Principles
 - D. Nature and Purpose of Basic Financial Statements
 - E. Consolidated Financial Statements
 - F. Historical Cost, Constant Dollar, Current Cost, and other Accounting Concepts
- II. Measurement, Valuation, Realization, and Presentation of Assets in Conformity With Generally Accepted Accounting Principles (15%).
 - A. Cash, Marketable Securities, and Investments
 - 1. Cash
 - 2. Marketable Equity Securities
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 - 4. Investment in Bonds
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2. Extraordinary Items

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F. Earnings Per Share

VI. Other Financial Topics (15%).

- A. Statement of Changes in Financial Position**
- B. Accounting Policies**
- C. Accounting Changes**
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- E. Business Combinations**
- F. Interim Financial Statements**
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 - 3. Overhead**
- B. Process and Job Order Costing**
- C. Standard Costing**
- D. Joint and By-Product Costing, Spoilage, Waste, and Scrap**
- E. Absorption and Variable Costing**
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- G. Breakeven and Cost-Volume-Profit Analysis**
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J. Other

1. Regression and Correlation Analysis
2. Economic Order Quantity
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7. Product Pricing

VIII. Not-for-Profit and Governmental Accounting (10%).

A. Conceptual Framework

B. Fund Accounting

1. Fund Balance
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3. Appropriations
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5. Reserved for Encumbrances
6. Revenues
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D. Presentation of Financial Statements for Various Not-for-Profit and Governmental Organizations

E. Various Types of Not-for-Profit and Governmental Organizations

1. Local and State Governments
2. Educational Institutions
3. Hospitals
4. Charitable, Religious, and Other Organizations

Auditing Section

The Auditing section tests the candidates' knowledge of generally accepted auditing standards and procedures. The scope of the Auditing section includes professional responsibilities, internal control, evidence and procedures, and reporting.

In preparing for this section, candidates should study publications such as:

- AICPA Code of Professional Ethics.
- Statements on Auditing Standards.
- Statements on Standards for Accounting and Review Services.
- Statements on Quality Control Standards.
- Statements on Management Advisory Services.
- Statements on Responsibilities in Tax Practice.
- AICPA Audit Guides.
- Auditing textbooks.
- Leading accounting journals.

Auditing — Content Specification Outline

- I. Professional Responsibilities (15%).
 - A. General Standards and Rules of Conduct
 1. Proficiency, Independence, and Due Care
 2. Rules of Conduct
 - B. Control of the Audit
 1. Planning and Supervision
 2. Quality Control
 - C. Other Responsibilities
 1. Client Errors, Management Fraud, and Defalcations
 2. Client Illegal Acts
 3. Responsibilities in Review and Compilation
 4. Responsibilities in Management Advisory Services
 5. Responsibilities in Tax Practice
- II. Internal Control (30%).
 - A. Definitions and Basic Concepts
 1. Purpose of Auditor's Study and Evaluation
 2. Definitions and Basic Concepts
 - B. Study and Evaluation of the System
 1. Review of the System
 2. Tests of Compliance
 3. Evaluation of Weaknesses

C. Cycles

1. Sales, Receivables, and Cash Receipts
2. Purchases, Payables, and Cash Disbursements
3. Inventories and Production
4. Personnel and Payroll
5. Property, Plant, and Equipment

D. Other Considerations

1. Required Communication of Material Weaknesses
2. Reports on Internal Control
3. Sampling
4. Flowcharting

III. Evidence and Procedures (30%).

A. Audit Evidence

1. Nature, Competence, and Sufficiency of Evidential Matter
2. Analytical Review Procedures
3. Evidential Matter for Receivables and Inventory
4. Evidential Matter for Long-Term Investments
5. Client Representations
6. Using the Work of a Specialist
7. Inquiry of a Client's Lawyer

B. Specific Audit Objectives and Procedures

1. Tests of Details of Transactions and Balances
2. Documentation

C. Other Specific Audit Topics

1. Use of the Computer in Performing the Audit
2. Use of Statistical Sampling in Performing the Audit
3. Related Party Transactions
4. Subsequent Events
5. Operational Auditing
6. Omitted Procedures Discovered After the Report Date

D. Review and Compilation Procedures

1. Understanding of Accounting Principles and Practices of the Industry
2. Inquiry and Analytical Review
3. Unusual Matters
4. Other Procedures

IV. Reporting (25%).

A. Reporting Standards and Types of Reports

- 1. Scope of Examination**
- 2. Generally Accepted Accounting Principles**
- 3. Consistency**
- 4. Disclosure**
- 5. Reporting Responsibilities**
- 6. Unqualified**
- 7. Qualified**
- 8. Adverse**
- 9. Comparative**
- 10. Disclaimer**
- 11. Review and Compilation**
- 12. Review of Interim Financial Information**
- 13. Special Reports**
- 14. Negative Assurance**
- 15. Prospective Financial Statements**

B. Other Reporting Considerations

- 1. Subsequent Discovery of Facts Existing at the Date of the Auditor's Report**
- 2. Dating of the Auditor's Report**
- 3. Part of Examination Made by Other Independent Auditors**
- 4. Letters for Underwriters**
- 5. Filing Under Federal Securities Statutes**
- 6. Other Information in Documents Containing Audited Financial Statements**
- 7. Supplementary Information Required by the FASB**
- 8. Information Accompanying the Basic Financial Statements**

Business Law Section

The Business Law section tests the candidates' knowledge of the legal implications inherent in business transactions particularly as they may relate to accounting and auditing. The scope of the Business Law section includes the CPA and the law, business organizations, contracts, debtor-creditor relationships, government regulation of business, Uniform Commercial Code, and property. Many of the subjects on the examination are normally covered in standard textbooks on business law, auditing, taxation, and accounting. However, some subjects either are not included in such texts or are not covered in adequate depth. Important recent developments with which candidates are expected to be familiar may not yet be reflected in some texts. Candidates are expected to recognize the existence of legal implications and the applicable basic legal principles, and they are usually asked to indicate the probable result of the application of such basic principles.

The Business Law section is chiefly conceptual in nature and broad in scope. It is not intended to test competence to practice law nor expertise in legal matters, but to determine that the candidates' knowledge is sufficient to recognize relevant legal issues, recognize the legal implications of business situations, apply the underlying principles of law to accounting and auditing situations, and seek legal counsel, or recommend that it be sought, when appropriate.

This section deals with federal and widely adopted uniform laws. Where there is no federal or appropriate uniform law on a subject, the questions are intended principally to test knowledge of the majority rules. Federal tax elements (income, estate or gift) may be covered where appropriate in the overall context of a question.

Business Law — Content Specification Outline

- I. The CPA and the Law (10%).
 - A. Common Law Liability to Clients and Third Persons
 - B. Federal Statutory Liability
 - 1. Securities Acts
 - 2. Internal Revenue Code
 - C. Workpapers, Privileged Communication, and Confidentiality
- II. Business Organizations (20%).
 - A. Agency
 - 1. Formation and Termination
 - 2. Liabilities of Principal
 - 3. Disclosed and Undisclosed Principals
 - 4. Agency Authority and Liability
 - B. Partnerships and Joint Ventures
 - 1. Formation and Existence
 - 2. Liabilities and Authority of Partners and Joint Owners
 - 3. Allocation of Profit or Loss
 - 4. Transfer of Interest
 - 5. Termination, Winding Up, and Dissolution
 - C. Corporations
 - 1. Formation, Purposes, and Powers
 - 2. Stockholders, Directors, and Officers
 - 3. Financial Structure, Capital, and Dividends
 - 4. Merger, Consolidation, and Dissolution

D. Estates and Trusts

1. Formation and Purposes
2. Allocation between Principal and Income
3. Fiduciary Responsibilities
4. Distributions and Termination

III. Contracts (15%).

- A. Offer and Acceptance
- B. Consideration
- C. Capacity, Legality, and Public Policy
- D. Statute of Frauds
- E. Statute of Limitations
- F. Fraud, Duress, and Undue Influence
- G. Mistake and Misrepresentation
- H. Parol Evidence Rule
- I. Third Party Rights
- J. Assignments
- K. Discharge, Breach, and Remedies

IV. Debtor-Creditor Relationships (10%).

A. Suretyship

1. Liabilities and Defenses
2. Release of Parties
3. Remedies of Parties

B. Bankruptcy

1. Voluntary and Involuntary Bankruptcy
2. Effects of Bankruptcy on Debtor and Creditors
3. Reorganizations

V. Government Regulation of Business (10%).

A. Regulation of Employment

1. Federal Insurance Contributions Act
2. Federal Unemployment Tax Act
3. Worker's Compensation Acts

B. Federal Securities Acts

1. Securities Registration
2. Reporting Requirements
3. Exempt Securities and Transactions

VI. Uniform Commercial Code (25%).

A. Commercial Paper

1. Types of Negotiable Instruments
2. Requisites for Negotiability
3. Transfer and Negotiation
4. Holders and Holders in Due Course
5. Liabilities, Defenses, and Rights
6. Discharge

B. Documents of Title and Investment Securities

1. Warehouse Receipts
2. Bills of Lading
3. Issuance, Transfer, and Registration of Securities

C. Sales

1. Contracts Covering Goods
2. Warranties
3. Product Liability
4. Risk of Loss
5. Performance and Obligations
6. Remedies and Defenses

D. Secured Transactions

1. Attachment of Security Agreements
2. Perfection of Security Interests
3. Priorities
4. Rights of Debtors, Creditors, and Third Parties

VII. Property (10%).

A. Real and Personal Property

1. Distinctions Between Realty and Personalty
2. Types of Ownership
3. Lessor-Lessee
4. Deeds, Recording, Title Defects, and Title Insurance

B. Mortgages

1. Characteristics
2. Recording Requirements
3. Priorities
4. Foreclosure

C. Fire and Casualty Insurance

1. Coinsurance
2. Multiple Insurance Coverage
3. Insurable Interest

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